4. Overview of Labeling Programs Worldwide

4.1. Introduction

This chapter provides an overview of a variety of different types of labeling programs in the US, and primarily voluntary, seal-of-approval, programs in other countries. The majority of the overseas programs covered in this report are government- or quasi-government-run programs. Typically, there is one such national (voluntary) labeling program in each country. In contrast, the US, lacking such a national labeling program, has a variety of different types of programs in operation. The US programs covered in this report include mandatory government programs, voluntary seal-of-approval programs, single-attribute programs, hazard warnings programs, and information disclosure programs. Charts are provided throughout this chapter to illustrate the discussion; often, these charts are used to show the difference between the programs in the US and the rest of the world.

Due to the scope of this report, not every labeling program that may be in existence today is covered (e.g., food is not covered), and the report should not be seen as a comprehensive study of all labeling programs worldwide. The report presents a "snapshot" of the major environmental labeling programs in existence during the research phase and for which information was available. Unless otherwise noted, the charts in this section include all programs surveyed as part of this report.

Section 4.2 provides some fundamental information about labeling programs, such as label and program type, how programs are administered and financed, and changes to programs over the years. Section 4.3 includes several maps that show the geographic distribution of the labeling programs covered in this report. Section 4.4 provides an overview of the reasons environmental labeling programs are initiated, as well as the methodologies used by each program to establish product categories and award criteria. A discussion of the ways in which environmental labeling is being used today, either for procurement purposes or in trade, is given in Section 4.5. Section 4.6 provides a brief discussion of the changes that have occurred in labeling programs. Finally, Section 4.7 describes the efforts countries are making to coordinate their environmental labeling programs with each other.

4.2. Fundamental Information

This section helps to define the basics of existing environmental labeling programs by summarizing information and characteristics fundamental to each environmental labeling program. Characteristics discussed include program and label type, program administration, financing, and age, as well as number or range of product categories and awards. It should be noted that certain program characteristics are frequently linked. For example, programs identifying negative product attributes are, by necessity, mandatory. Furthermore, mandatory

programs are typically administered by governments, since environmental regulations may provide them with the authority to require mandatory labeling. In the case of the State of California's Proposition 65, considered to be a hazard warning program, businesses that knowingly expose individuals to any of a list of chemicals are required to provide a warning of such exposure. Most seal-of-approval programs, however, are third-party and voluntary. As their name implies, such programs award labels for (relative) positive environmental attributes.

For a listing of the programs covered in this report, refer to the overview table in Appendix A. For detailed summaries of the programs contacted and included in this report, refer to the reports in Appendix B.

Program Type

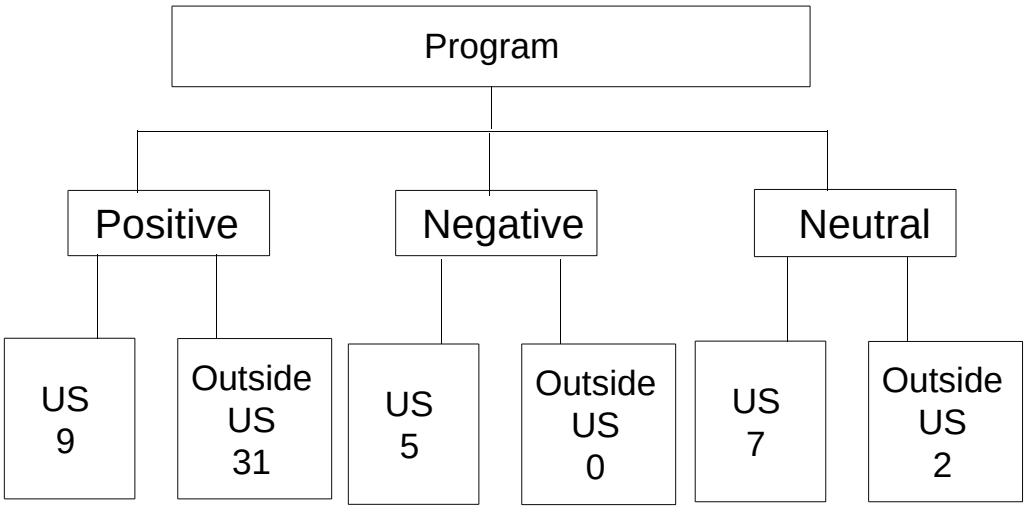
The programs reviewed issue one of three kinds of labels: positive, negative, or neutral. Most of the programs discussed in this report award positive labels indicating to the consumer that the environmental attributes of the labeled product in some way outperforms the environmental attributes of other similar products. Certification of the positive environmental attributes of a product provides manufacturers with an incentive to apply for an environmental label in the hopes of capturing more market share and improving corporate goodwill.

Negative labels, on the other hand, are typically required by law and are used to present the hazards associated with use and disposal of the product. For example, Vermont's Household Hazardous Product Shelf Labeling Program requires all retailers stocking household products containing hazardous constituents to identify those products via a shelf label. Given that most regulations establish guidance only, mandatory labeling programs require a statement of fact, and do not necessarily result in a comparable labeling format or information across products. In addition, differing requirements across jurisdictions for mandates that are not updated to reflect the current state of the economy can result in clutter on the label and/or higher labeling costs for marketers.

Neutral labels, such as the US Energy Guide, simply report summary facts about the product and allow consumers to make their own judgments based on their particular concerns. Such labels can also provide information for manufacturers and others who may use the information for internal use (e.g., benchmarking studies). The container's size, however, may dictate how much neutral label information can be included.

As shown in the following chart, there is an fairly even split in the number of positive, negative, and neutral US programs covered in this report. As mentioned above, however, the majority of other countries' programs covered in this report are positive programs, reflecting the fact that most of these are seal-of-approval programs (see Chart 4-1).

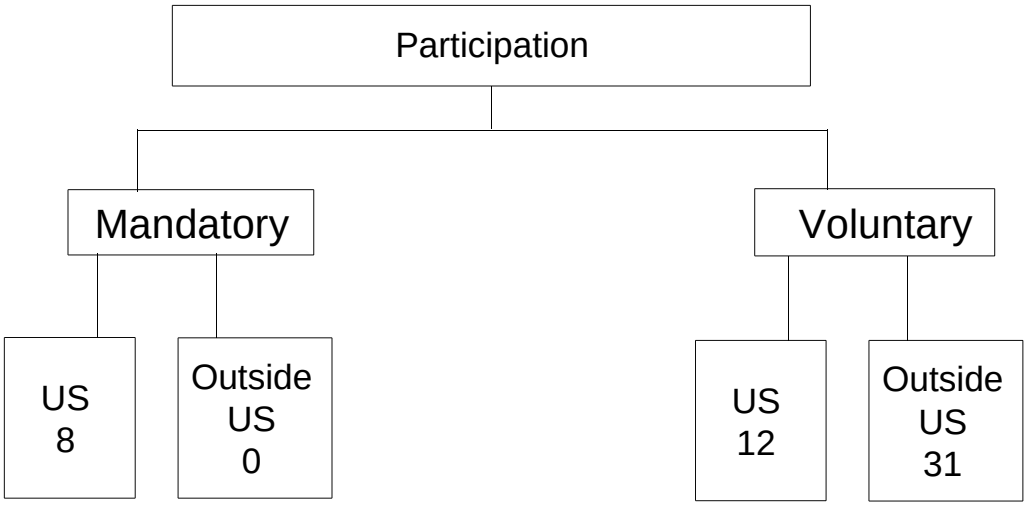
Chart 4-1: Program Type
(based on programs reviewed)



Participation

Participation in labeling programs can be either mandatory or voluntary. This report includes voluntary programs worldwide and mandatory and voluntary programs in the US; due to the scope of this report, not every existing program was surveyed. Of the programs surveyed, most are voluntary (this is exclusively so for the programs outside the US). US programs covered in this report are fairly evenly split between mandatory and voluntary programs (see Chart 4-2).

Chart 4-2: Participation in Labeling Programs (based on programs reviewed)



With voluntary programs, manufacturers choose to participate in a program and typically submit an application for a specific product to be labeled. To encourage manufacturers to participate, emphasis is placed on the positive attributes of a product. Because these programs are propelled by their market influence, manufacturers apply for a label when it increases their product's marketability as well as their competitive edge.

Mandatory programs, on the other hand, can require the identification of negative product characteristics, and are typically one element of a regulatory approach to consumer and environmental protection. For example, the US battery labeling requirements mandate that rechargeable cadmium and/or lead batteries carry labels that inform users of the contents of the batteries and indicate that batteries must be recycled and/or properly disposed. Whether or not a program is mandatory or voluntary will influence the extent and type of information about environmental attributes on labels in the marketplace. Typically, mandatory programs result in more comprehensive dissemination of information in the marketplace, since all similar products are required to carry a label.

Label Type

The types of labels awarded by programs fall into the following categories: seal-of-approval, single-attribute, hazard warning, information disclosure, and report card. Most programs discussed in this report award "seal-of-approval" labels; they license use of a seal (label) for one or more superior product characteristics. These programs generally evaluate multiple attributes of a product and employ some form of life-cycle assessment (LCA) to evaluate the environmental impacts of the product. (LCA is a process that encompasses consideration of all aspects of the manufacture of a product from natural resource extraction to product disposal.)

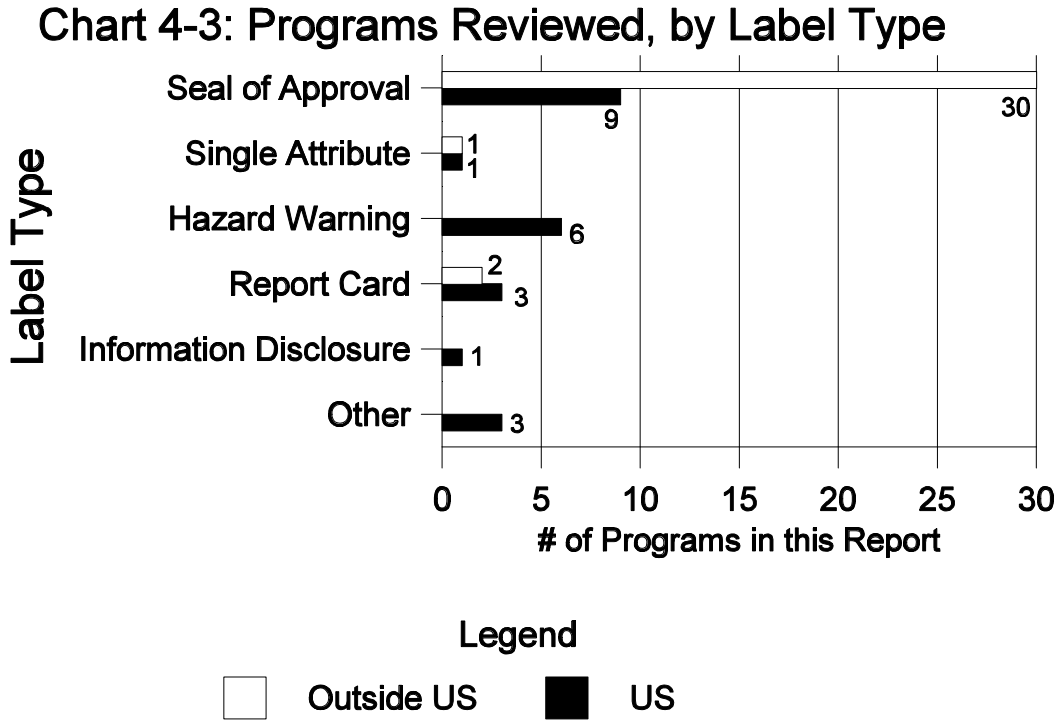
Some of the programs contacted analyze only a single product attribute and award a label certifying the environmental preferability of only that attribute. For example, Germany's Green Dot program certifies that packaging manufacturers participate in an established source reduction or recycling program for consumer packaging waste. As mentioned above, hazard warning programs identify the negative attributes of a product and are generally mandatory. Finally, information disclosure programs and report cards both present neutral summary information on an established set of environmental attributes.

The choice of label type by program will have an effect not only on the level of information consumers receive about environmental attributes, but on the way in which they are likely to interpret this information. For example, single-attribute labels provide information on only one environmental attribute. Report card labels provide information on a number of environmental attributes. While the single-attribute label may suggest to the consumer that the product has an environmentally preferable attribute, this may not be the attribute that the consumer cares most about. Alternatively, while the report card label may present information on all the attributes the consumer cares about, the consumer may not be able to judge the overall environmental preferability of the product. To better understand the relationships among label type, participation and program type, Table 4-1 compares the associations among these various categories.

Table 4-1: Participation by Program and Label Type

	Mandatory	Voluntary
Positive	N/A	Seal-of-approval Single-attribute
Neutral	Information Disclosure	Report card
Negative	Hazard warning	N/A

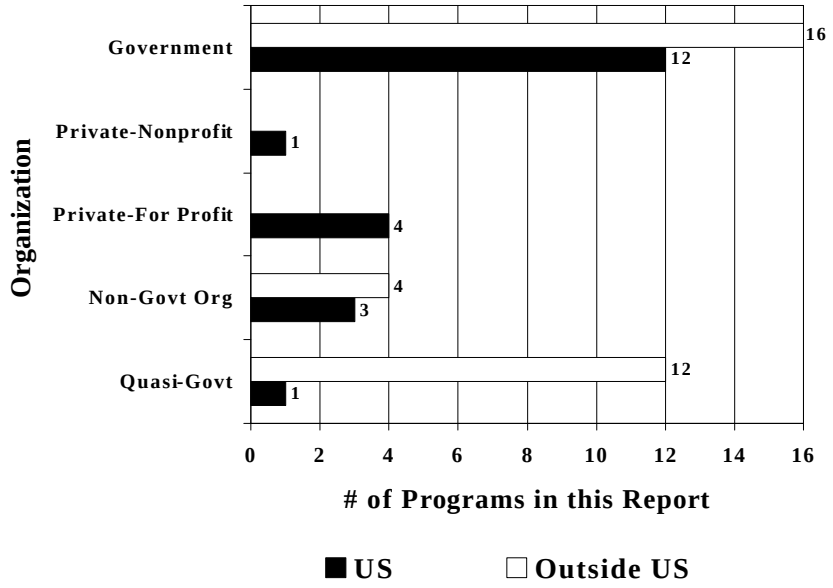
The majority of programs contacted for this report are seal-of-approval programs. This is overwhelmingly so for the overseas programs; 30 out of the 33 overseas programs covered in this report are seal-of-approval programs. Though the majority of US programs included in this report are also seal-of-approval programs, they exhibit a greater variety of label type. This may be a reflection of the fact that the US does not have a national third-party labeling program, whereas seal-of-approval programs are the national program for many of the other countries (see Chart 4-3).



Administration

Programs are sponsored and/or administered by governments, private companies (for profit and non-profit), non-governmental organizations, or some combination of the above (quasi-governmental). This is true for both US and non-US programs. A program is defined as quasi-governmental if two or more groups are involved in the administration of the program and one is a governmental entity. Frequently, programs are considered quasi-governmental because they were started by or are supported by a government, while also relying on a private company to run their daily activities. Among those included in this report, the US is dominant in programs that are privately run. Green Seal and SCS are examples of programs run by private companies. The distribution of programs included in this study by administration type can be found in the chart below (see Chart 4-4). Programs' administrative bodies affect the longevity of the program in a number of ways. The administrative body often provides (or can provide if necessary) the financial backing and other resources (e.g., office space, supplies) for the program. Thus, governmental or quasi-governmental-backed programs are expected to survive in the long run due to the possibility of other formal and informal subsidies. Similarly, non-governmental organizations (other than private companies), such as a National Standards Institute, may also have other operations or resources from which the labeling program may draw. Of the programs contacted for this report, most are run by governments; very few are run by private organizations.

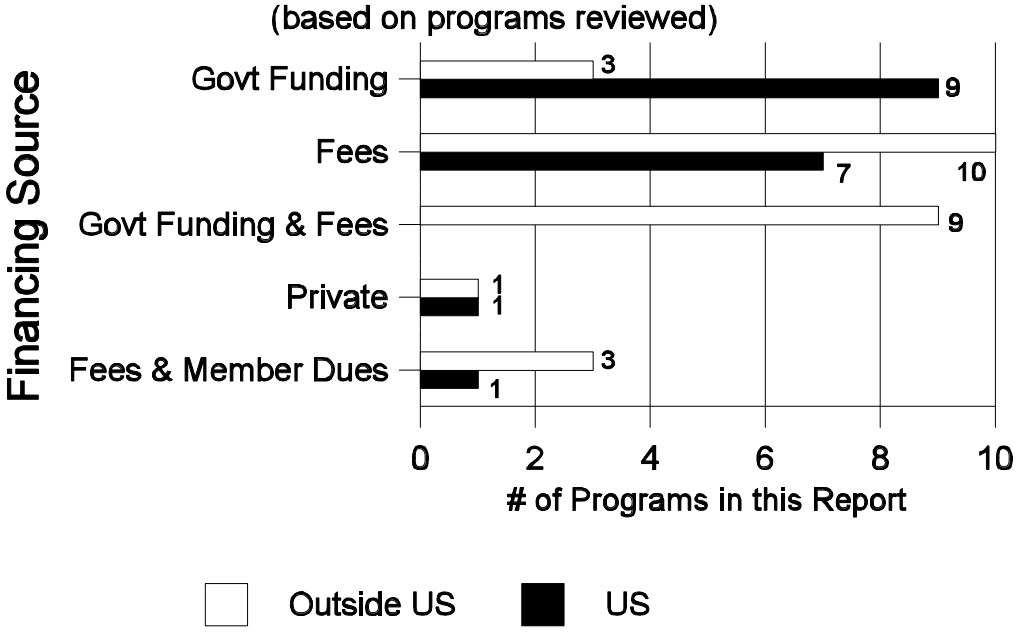
Chart 4-4: Programs by Organization Type (based on programs reviewed)



Financing

Many labeling programs are not yet fully self-sufficient, and require additional financing to cover their operating costs. Programs are financed a number of ways (see Chart 4-5). They can be financed by the government, by fees collected for their services, by revenue streams from other operations, by other sources such as payment from private companies and donations from private and public organizations, or by a combination of any of these. As shown in the figure below, fees and government funding are the major sources cited by those programs contacted for this study. Those programs funded solely by fees may have a somewhat higher credibility risk because of the inherent conflict between independent selection of product categories (and setting of award criteria) and the need to generate revenue (i.e., have customers for licenses) to cover both fixed and operating costs. Yet, even those programs that are government subsidized have stated goals of financial self-sufficiency.

Chart 4-5: Programs by Financing Source

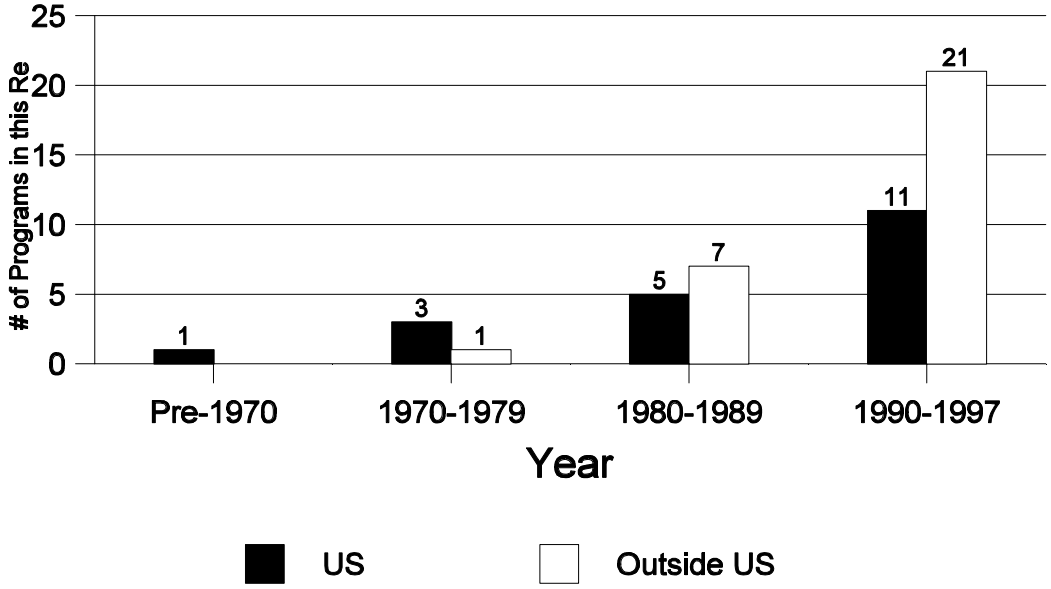


Year Founded

The year the program was founded establishes a timeline of environmental labeling program formation. Programs that began in the early 1970s and pre-1970 are primarily US programs. The exception is Germany's Blue Angel program, the oldest seal-of-approval program in existence. The US programs that began in these early years of environmental labeling are the Energy Guide, the Fuel Economy Information Program, the US EPA Pesticide Program (FIFRA), which began in 1947, and EPA's toxic substances control program under the Toxic Substances

Control Act (TSCA). Most of these are mandatory programs (with the exception of Energy Guide and Fuel Economy, which are both information disclosure programs), and were initiated by the US government when it became evident that health and safety information, particularly about agricultural pesticides, had to be conveyed to consumers. The recent growth in environmental labeling is illustrated in Chart 4-6, which presents the start-up year of programs included in this report.

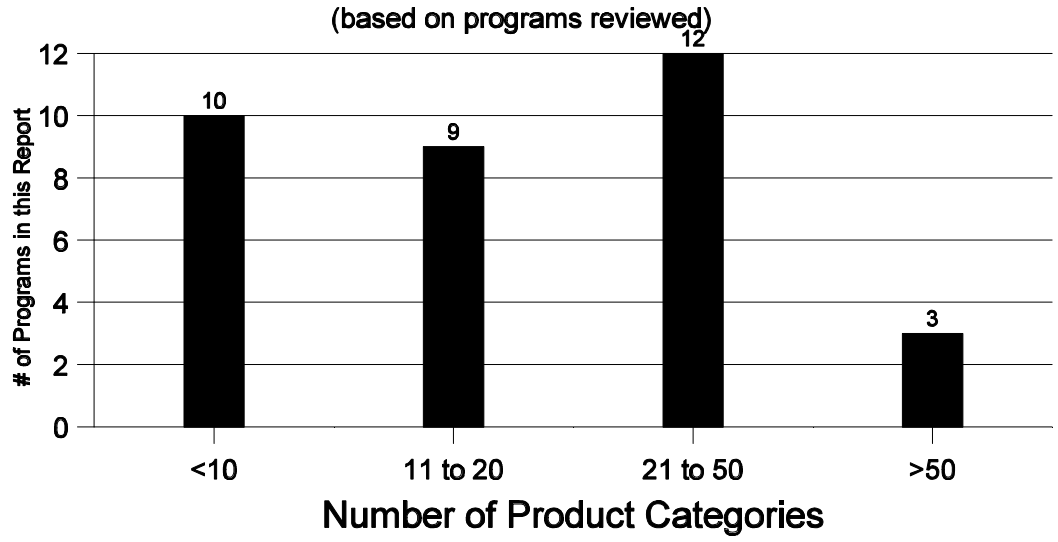
Chart 4-6: Number of Programs Founded by Year
(based on programs reviewed)



Product Categories

The number of product categories covered helps to identify the size and scope of a program, as well as the program's stage of development and how long it has been in existence. The following chart (see Chart 4-7) indicates the current number of product categories covered by each program surveyed in this report. Note that this chart includes only seal-of-approval programs that are already developed; other types of programs tend to only have one or two product categories and are therefore not as relevant to this breakout. The number of categories currently ranges from fewer than 10 (10 programs) to more than 50 product categories (3 programs). It should be noted, however, that all programs are continually developing product categories. As programs are increasingly sharing more information, the rate of product category definition and criteria development is rising.

Chart 4-7: Product Categories in Seal-of-Approval Programs



The types of products for which criteria are developed also varies. Appendix B contains a detailed list of product categories for each program summary. The most prevalent categories are paper products (including towels, toilet paper, office paper), detergents, office equipment, and dishwashers. (Selection of such categories reflects products for which the environmental impacts have been studied in detail over time.) It is relatively easy for programs to adopt standards for these categories, hence their occurrence in almost all environmental labeling programs. Less typical categories usually reflect the particular needs or conditions of individual markets. For example, to accommodate one of its largest export products, India's Ecomark program is considering the establishment of a category for leather goods. In Japan, standards have been developed for fusuma and shoji paper made from recycled pulp. In Germany, because of a sensitivity to noise pollution, standards have been developed for products that generate comparatively less noise, such as low-noise construction machines, low-noise compost choppers, and low-noise mopeds.

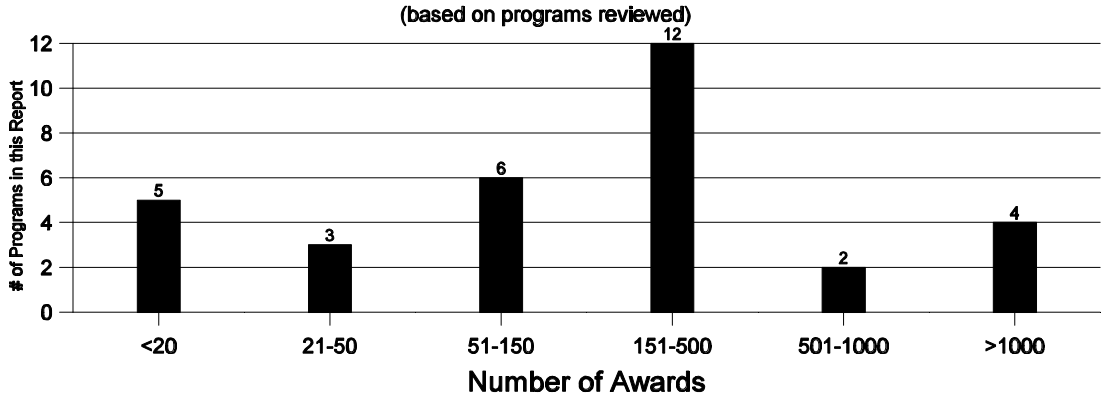
Number of Awards

The number of awards conferred by a program depends on how many product categories it has established and how long it has been in existence. For example, long-standing, well-established programs such as Germany's Blue Angel have had years to select product categories, develop criteria, and garner support among manufacturers, government, and consumers. Programs such as these may have bestowed thousands of awards. Such programs are well known in the marketplace and thus will have the potential for reaching many consumers. Moreover, these programs may have gone through several criteria revisions and thus added product categories over time. A strong market presence may encourage programs to set higher standards, thus creating incentives among manufacturers to continue to strive for improvement in their products.

New programs have had little time to establish product categories and criteria or award many labels. If a program has little visibility, manufacturers may not have an incentive to apply for the label, thus reducing the number of labels that a program will be able to award. Also, the cost to apply for the label will likely affect the number of awards bestowed. To encourage more people to apply for the GreenLabel, the Singapore Ministry of the Environment bears all the costs of the program, thereby minimizing the manufacturer's fees. The results have been that manufacturers have applied for the GreenLabel in relatively large numbers; over 700 products have been awarded the label. The US SCS program, which has been in existence since 1984, now has over 400 growers who have applied for their products to obtain the SCS Nutriclean label.

The following chart indicates the current number of awards given by the developed seal-of-approval programs (see Chart 4-8).

Chart 4-8: Number of Awards in Seal-of-Approval Programs



Differences in the number of labels awarded may also be due to differences in "accounting" practices. While most programs count a product receiving an award (e.g., Company X's recycled paper product) as one award, other programs count an awarded company as one award (e.g., even though Company X may have an award for two of their products, towels and copier paper, they are only counted once). Other programs count each awarded product that sits on the shelf as one award (e.g., each labeled package of recycled paper is counted once).[8]

4.3. Geographic Representation

The following maps identify information about the major programs in each country. Figure 2 locates each program covered in this report on a world map. Figures 3, 4, and 5 divide the world into three regions (Europe, Pacific Rim, and North and South America) and provide the country name, program name, and whether the program is part of the European Union (EU), a G7 nation, or both.

[8] This report does not count the total number of products sold or total number of companies receiving a license as the number of awards per program.